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## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 10.1.2009

Wall Street Journal: "Bernanke Calls for Council of Regulators ... A council of U.S. regulators -- rather than the Federal Reserve alone -- should be charged with monitoring threats to the U.S. financial system, Fed Chairman Ben Bernanke said in prepared testimony to be delivered to a congressional panel Thursday morning."

Wall Street Journal: "Wall Street Wizardry Reworks Mortgages ... A new wave of financial alchemy is emerging on Wall Street as banks and insurers seek to make soured securities look better. Regulators are pushing back, saying the transactions don't have enough substance and stand to benefit bankers and ratings firms."

Wall Street Journal: "Banks Bite Bullet on Loans ... Banks and loan investors are starting to bite the bullet and lower the principal due on home mortgages for some struggling borrowers, a new report from bank regulators shows."

Wall Street Journal: "CIT Draws Up Bankruptcy Option ... CIT Group Inc. upped the ante with its creditors by drawing up a prepackaged bankruptcy plan, two people familiar with the matter said Wednesday."

Wall Street Journal: "Worried About A Mortgage Rate Spike? You Have Options ... Good news for prospective home buyers: You can find 30-year mortgages for less than 5% again. But those rates may not last . And these days it's almost impossible to lock in a rate while you hunt for a home. Banks-for understandable reasons-now want to evaluate a property before pre-approving borrowers."

Wall Street Journal: "FSA Weighs 'Too Big to Fail' ... The U.K.'s Financial Services Authority said it will focus on the risks posed by systemically important firms and the impact of new capital and liquidity rules."

Wall Street Journal: "The Downside of Reducing Debt ... The story of the past few years in a few sentences: U.S. financial firms, other businesses and families went on a borrowing binge."

Wall Street Journal: "Protecting the Credit Raters ... This morning we had hoped to be able to praise House Financial Services Chairman Barney Frank, who seemed ready to break up the credit ratings racket that did so much to inflame the financial panic. But just when you think Barney will free up competition, he reinforces the cartel."

The Washington Post: "IMF Sees Reason for Hope, Caution in World Economy ... The world economy has "turned the corner" toward recovery, but substantial regulatory reform is needed to prevent a return to the edge of the abyss, the International Monetary Fund said Wednesday in its semi-annual report on global financial stability."

The Washington Post: "CIT Group on Brink Of Collapse -- Again ... The future of CIT Group, one of the nation's largest lenders to small businesses, was in doubt Wednesday as the firm sought a deal with bondholders that would help it avert a collapse and preserve the federal government's \$2.3 billion stake in the company, sources familiar with the talks said."

The Washington Post: "Battle Waged Over Consumer Agency ... For more than three hours Wednesday, supporters and opponents of a new federal agency that would oversee mortgages, credit cards and other consumer financial products dug deeper into their trenches in Room 2128 of the Rayburn House Office Building."

NY Times: "CIT Group to Offer Huge Debt Exchange ... The CIT Group is planning to introduce a huge debt exchange offer to its bondholders while also preparing a potential bankruptcy filing, people with direct knowledge of the talks said on Wednesday."

LA Times: "Two Treasury partners raise \$500 million each for toxic assets effort ... The Treasury Department's long-awaited attempt to deal with toxic mortgage securities cleared another hurdle as two of the nine fund managers selected to lead public-private partnerships to purchase the assets raised at least \$500 million each."

USA Today: "Treasury: 2 firms have been cleared to start buying toxic bank assets ... The Treasury Department said Wednesday that two large investment funds have raised the minimum amounts needed to begin purchasing toxic assets from banks, finally launching this part of the government's financial rescue effort."

USA Today: "Heat rises on credit-ratings agencies ... Two whistle-blowers accused Moody's Investors Service of misconduct Wednesday - the latest public flogging the big credit-ratings agencies have endured since their flawed judgments contributed to a global financial crisis."

USA Today: "American Express drops monthly fees on gift cards ... American Express is nixing monthly fees on all its gift cards, attempting to appease holiday shoppers who may worry that their cards will lose value if not used quickly."

USA Today: "Many still can't make payments after mortgage modifications ... Lenders are ramping up efforts to avoid home foreclosures, but a report by bank regulators says more than half of borrowers who get help fall behind again."

USA Today: "CIT shares plunge on report it is again on brink of collapse ... CIT Group shares plunged in premarket trading Wednesday as the commercial lender is reportedly trying to craft an exchange that would cut its debt and offer bondholders an equity stake in the company in a bid to avoid bankruptcy."

USA Today: "Despite recession, banks charge record checking fees ... Despite the recession, banks are charging consumers record fees for checking account services."

The Washington Times: "End 'easy money' ... Attendees of the Group of 20 meeting in Pittsburgh and members of the Federal Reserve Board in Washington should carefully read a Wall Street Journal Op-Ed column by Fed governor Kevin Warsh. In a piece titled "The Fed's Job Is Only Half Over," the former Wall Street investment banker sends a shot across the global economic bow."

Reuters: "CIT collapse would be a mess, turnaround pros say ... If struggling U.S. commercial lender CIT Group Inc were to collapse it would be a "drastic mistake" as the small businesses that rely on it would have few alternate sources of funding, turnaround experts said at the Reuters Restructuring Summit this week."

Reuters: "Council, not just Fed, must eye risk: Bernanke ... The head of the Federal Reserve will step back from one of the most controversial parts of the Obama administration's drive for financial regulation reform, saying sweeping new oversight powers proposed for the U.S. central bank should be shared with other regulators."

Bloomberg: "CIT May Pit Bondholders Against Each Other With Debt Swap Offer ... CIT Group Inc., the 101-year-old commercial lender, will seek board approval as soon as this week for a voluntary debt exchange that may pit bondholders against each other and leave shareholders almost wiped out."

Bloomberg: "Banks Have Us Flying Blind on Depth of Losses: Jonathan Weil ... There was a stunning omission from the government's latest list of "problem" banks, which ran to 416 lenders, a 15-year high, as of June 30. One outfit not on the list was Georgian Bank, the second-largest Atlanta-based bank, which supposedly had plenty of capital."

The Hill: "House aims at SEC, rating agencies ... House lawmakers on Wednesday vowed to pass new restrictions on credit rating agencies and expand an investigation into an industry that fueled the financial crisis with favorable reviews of risky products."

Politico: "Barney Frank uses town hall smackdown to raise money ... Rep. Barney Frank is taking his infamous smack-down of a town hall protester this summer all the way to the bank."